

# CITY OF MATLOSANA



## Annual Financial Statements for the Year Ending 30 June 2009

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**CONTENTS**

<b>DECLARATION BY THE ACCOUNTING OFFICER .....</b>	<b>3</b>
<b>FINANCIAL REPORT .....</b>	<b>4</b>
<b>STATEMENT OF FINANCIAL POSITION .....</b>	<b>7</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE .....</b>	<b>8</b>
<b>STATEMENT OF CHANGES IN NET ASSETS .....</b>	<b>9</b>
<b>CASH FLOW STATEMENT .....</b>	<b>10</b>
<b>ACCOUNTING POLICIES .....</b>	<b>11</b>
<b>NOTES TO THE ANNUAL FINANCIAL STATEMENTS .....</b>	<b>18</b>
<b>APPENDIX A: SCHEDULE OF EXTERNAL LOANS .....</b>	<b>42</b>
<b>APPENDIX B: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT .....</b>	<b>43</b>
<b>APPENDIX C: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT .....</b>	<b>44</b>
<b>APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE .....</b>	<b>45</b>
<b>APPENDIX E (1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) .....</b>	<b>46</b>
<b>APPENDIX E (2): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY PLANT &amp; EQUIPMENT) .....</b>	<b>47</b>
<b>APPENDIX F: DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT .....</b>	<b>48</b>

**DECLARATION BY THE ACCOUNTING OFFICER**

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 48, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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M.M. Moadira  
Municipal Manager

31 August 2009  
Date

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## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

I have pleasure in presenting my annual financial report together with the Annual Financial Statements, which are still subject to audit, for the year ended 30 June 2009.

### 1. INTRODUCTION

During the year under review we continued to improve on financial stability, which form one of the six strategic pillars for the City of Matlosana. This important focus area is also addressed as part of our Integrated Development Plan (IDP) where objectives and performance indicators for financial management and viability are set, as well as the strategies to achieve them. Although confronted with numerous challenges in this environment, we continue to make progress.

Our plans to improve financial management are ongoing and include, budget reform, the implementation of improved asset registers which is now nearing completion; bringing accounting systems in line with General Accepted Accounting Practices (GAMAP), certain Standards of General Recognized Accounting Practices (GRAP) as well as moving towards compliance with international reporting and accounting standards (IFRS). The performance driven management will further enhance service delivery and is aimed to hold the different divisions of Council accountable for their actions. The results are reported to the public every year and proper oversight exists that will monitor progress and performance. All these measures are aimed at improving effectiveness, efficiency and promote the economical usage of limited resources.

We remain committed to the following basic principles to ensure financial stability that are applied in Council on a regular basis.

- Focus on long- and short term financial objectives.
- Maintain sufficient financial liquidity through regular reviews and adjustments to meet normal operating and contingent obligations.
- Apply debt collection policies which maximize collection while providing relief to indigent consumers.
- Apply the concept of free basic services to the poor.
- Maintaining assets in a responsible manner.
- Provide a framework for prudent use of debt financing.
- Direct the city's financial resources towards meeting the goals of the city in terms of the Integrated Development Plan (IDP).
- Develop and implement internal controls.

We remain committed to the goals and objectives as explained above and will continue to improve our processes and results as we go along. The main objective of our Municipality however remains effective service delivery to our constituents for which we must demonstrate performance in key areas as well as stewardship of the assets entrusted to us.

### 2. PERFORMANCE

We have once again managed to increase our Revenue substantially by 16,7 % from R 934, 6(m) to R 1 090,4 (m). Our operating cost increased significantly with 34,3% from R 761, 6(m) previously against R 1 022, 6 (m) in the current year. The major contributors to the increase in operating costs are;

- An increase of some R71 (m) in the bad debt provision
- Bulk electricity purchases that increased with R61, 3 (m) and;
- Employee cost which increased with R26, 8 (m)

We note these increases with concern, the causes of which are well published, and will continue to develop strategies to optimise on these expenses. This allowed for a smaller surplus of R67, 8 (m) which under the current economical conditions is satisfactory.

As can be expected the reduced surplus and additional commitments had a negative influence on cash flow, resulting in net cash flows from operating activities of only R 70,5 (m) as against R 196,4 (m) for the previous year. Our working capital position however remains sound with our liquidity ratio at 1.9 (2008: 2.2) and in this regard the municipality will continue to manage its working capital in a prudent manner.

### **3. PERFORMANCE AGAINST BUDGET**

The original budget for the year was approved during May 2008. During the reporting period an adjustment budget was presented and approved by Council. The 2008/09-budget provided for additional resources allocated towards the improvement of services delivery. Information on the original budget as well as the adjusted budget is included in this report as Appendix E.

As indicated above we have performed relatively well during the year under review given the challenging economic environment. Revenue is in line with the Adjusted Budget amount of R 1 089, 9(m) and our variance less than 1% or R 8, 5(m). We managed to contain our operating expenses by spending R121, 2(m) or 10, 6% less than the final adjusted budget of R1 143, 8(m) for the 2008/2009 financial year.

The reasons for this performance are numerous and we have alluded to some of the challenges that we are faced with. The effects of the global economic recession materialised during the current financial year. In addition we have seen some of the major businesses in our region such as the mines experience difficulties (Pamodzi and Uranium One) that have a major impact on the economics of the region.

We will however continue to assess the various factors that influence our municipality and continue to update our strategies and plans to deal effectively with the changes in our region and ensure that we remain sustainable and achieve all our objectives.

### **4. STEWARDSHIP OVER ASSETS**

We have invested another R188 (m) in infrastructure and assets during the year under review. Our focus will continue to be to improve the infrastructure and facilities available for the residents of Matlosana. The challenges in this regard remain huge with many demands being made for the limited resources to our disposal and therefore we will continue to exercise prudent judgement when determining priorities for expenditure. Our goals and objectives in this regard are well documented in the Integrated Development Plan (IDP), which will continue to form the basis for future capital expenditure projects.

### **5. COMPLIANCE WITH LEGISLATION**

The Municipal Finance Management Act (MFMA) is the main piece of legislation that controls financial management and accountability. Huge progress has been made in Matlosana with the implementation of the Act.

A continued effort is being made to ensure full compliance with all relevant legislation, including regulations for example those issued by National Treasury. To this end we have strengthened our internal audit capacity to identify areas of possible non-compliance make recommendations on corrective or preventive actions. These activities are supported by our Audit and Oversight committees that are now fully functional.

### **6. AUDIT OF THE ANNUAL FINANCIAL STATEMENTS**

The statutory audit of the financial statements has already commenced and is expected to be completed by the end of October 2009. In the past we have faced exceptional challenges resulting in a disclaimer of audit opinion by the Auditor General. A concerted effort has been made during the year to address the issues identified by the Auditor General in his report. These efforts will continue and will eventually strengthen our financial management practices and overall viability as a municipality. It is our aim to have an unqualified audit report long before the target date of 2014.

**7. GOING CONCERN**

The financial position of the City has again improved since the previous year and although outstanding debtors are still a problem, it is managed so that the financial sustainability is not affected negatively. The accumulated provision for bad debts is sufficient to cover for possible bad debts, but the non payment of services is hampering service delivery and construction of new infrastructure.

Notwithstanding the non-payment Matlosana can still be seen as a going concern and will also be a going concern for the foreseeable future.

**8. EXPRESSION OF APPRECIATION**

I am grateful to the Executive Mayor, Mayoral Committee, Municipal Manager, Councillors and Departmental Directors for the support they have given to the department during the 2008/2009 financial year. A special word of appreciation is extended to the finance team for dedication to succeed in producing the Annual Financial Statements on time and in terms of the relevant accounting standards.

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R.T. Makgale

ACTING CHIEF FINANCIAL OFFICER

31 August 2009

## CITY OF MATLOSANA

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

	Note	2009 R	2008 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>941 508 835</b>	<b>873 755 365</b>
Housing Development fund	1	5 125 928	5 125 928
Capital Replacement Reserve		6 186 913	6 186 913
Capitalisation Reserve		13 975 233	14 625 869
Government Grant Reserve		473 370 535	422 356 311
Donations and Public Contribution Reserve		17 852 539	17 852 539
Self-Insurance Reserve		12 224 735	13 223 333
Ex Gratia Pension Reserve		139 091	139 091
Accumulated Surplus/(Deficit)		412 633 861	394 245 381
<b>Non-current liabilities</b>			
Long-term liabilities	2	115 640 438	150 493 599
<b>Current liabilities</b>		<b>163 648 063</b>	<b>195 171 767</b>
Consumer deposits	3	18 982 787	17 931 354
Provisions and liabilities	4	12 386 167	8 884 528
Creditors	5	47 091 474	41 191 196
Unspent conditional grants and receipts	6	40 297 893	88 234 971
VAT	7	27 665 298	19 780 483
Bank overdraft	15	6 944 405	8 686 900
Current portion of long-term liabilities	2	10 280 039	10 462 334
<b>Total Net Assets and Liabilities</b>		<b>1220 797 337</b>	<b>1219 420 731</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>912 161 109</b>	<b>788 064 911</b>
Property, plant and equipment	9	875 833 479	752 508 851
Investment Properties	9	5 403 557	5 392 196
Investments	8	8 585 316	7 809 119
Long-term receivables	10	22 338 757	22 354 744
<b>Current assets</b>		<b>308 636 227</b>	<b>420 397 659</b>
Inventory	11	37 119 724	27 006 013
Consumer debtors	12	137 117 654	131 279 597
Other debtors	13	51 870 881	36 162 682
Current portion of long-term debtors	10	237 817	293 749
Call investment deposits	14	82 232 916	225 596 384
Bank balances and cash	15	57 235	59 235
<b>Total Assets</b>		<b>1220 797 337</b>	<b>1208 462 569</b>

## CITY OF MATLOSANA

# STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	Actual 2009 R	2008 R
<b>REVENUE</b>			
Property rates	16	130 747 800	113 043 795
Service charges	17	491 499 399	420 182 649
Market dues		10 739 908	10 811 206
Administration fees		1 746 120	2 354 804
Dividends		4 921	6 550
Rental of facilities and equipment		6 002 706	7 774 228
Interest earned - external investments		25 081 826	30 499 126
Interest earned - outstanding debtors		43 560 113	38 723 868
Fines		5 918 332	2 906 901
Licenses and permits		4 203 022	4 458 475
Grants and subsidies	18	311 067 629	265 231 991
Other income	19	59 789 327	37 695 500
Gains on disposal of property, plant and equipment		0	949 461
<b>Total Revenue</b>		<b>1090 361 103</b>	<b>934 638 554</b>
<b>EXPENDITURE</b>			
Employee related costs	20	252 864 527	225 995 000
Remuneration of Councillors	21	13 658 083	12 271 679
Bad debts (Contribution to Provisions)		120 645 281	46 452 168
Collection costs		8 282 418	5 605 256
Depreciation		62 795 068	50 292 722
Repairs and maintenance		48 691 642	30 871 690
Interest paid	22	16 330 417	19 831 689
Bulk purchases	23	260 185 810	198 928 124
Contracted services		22 502 302	8 641 842
General expenses	24	214 349 663	162 702 656
Loss on disposal of property, plant and equipment	9	2 302 422	0
<b>Total Expenditure</b>		<b>1022 607 633</b>	<b>761 592 826</b>
<b>SURPLUS/(DEFICIT)</b>		<b>67 753 470</b>	<b>173 045 728</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>67 753 470</b>	<b>173 045 728</b>

Refer to Appendix E(1) for explanation of variances



## CITY OF MATLOSANA

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	<u>Pre-Gamap Reserves and Funds</u>	<u>Ex Gratia Pension Reserve</u>	<u>Capital Replacement Reserve</u>	<u>Self insurance Reserve</u>	<u>Housing Development Fund</u>	<u>Government Grants and Reserves</u>	<u>Donations and public Contribution Reserve</u>	<u>Capitalisation Reserve</u>	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
	R	R	R	R	R	R	R	R	R	R
<b>2008</b>										
Balance at 1 July 2007		139 091	6 166 410	13 803 554	6 230 166	321 126 161	17 852 539	15 276 505	322 376 497	702 970 923
Restated balance	0	139 091	6 166 410	13 803 554	6 230 166	321 126 161	17 852 539	15 276 505	322 376 497	702 970 923
Surplus/(deficit) for the year									173 045 728	173 045 728
Surplus/(deficit) for the previous year									(2 261 287)	(2 261 287)
Transfer to CRR			22 360 117						(22 360 117)	0
Property, plant and equipment purchased			(22 339 614)						22 339 614	0
Capital grants used to purchase PPE						124 004 693			(124 004 693)	0
Payments					(1 104 238)				1 104 238	0
Insurance Claims processed				( 580 221)					580 221	0
Offsetting of depreciation						(22 774 543)		( 650 636)	23 425 180	1
<b>Balance at 30 June 2008</b>	<b>0</b>	<b>139 091</b>	<b>6 186 913</b>	<b>13 223 333</b>	<b>5 125 928</b>	<b>422 356 311</b>	<b>17 852 539</b>	<b>14 625 869</b>	<b>394 245 381</b>	<b>873 755 365</b>
<b>2009</b>										
<b>Restated balance</b>	<b>0</b>	<b>139 091</b>	<b>6 186 913</b>	<b>13 223 333</b>	<b>5 125 928</b>	<b>422 356 311</b>	<b>17 852 539</b>	<b>14 625 869</b>	<b>394 245 381</b>	<b>873 755 365</b>
Surplus/(deficit) for the year									67 753 470	67 753 470
Property, plant and equipment purchased			62 903 913						(62 903 913)	0
Capital grants used to purchase PPE			(62 903 913)						62 903 913	0
Donated/contributed PPE						81 045 179			(81 045 179)	0
Insurance claims processed				( 998 598)					998 598	0
Offsetting of depreciation						(30 030 955)		( 650 636)	30 681 591	0
<b>Balance at 30 June 2008</b>	<b>0</b>	<b>139 091</b>	<b>6 186 913</b>	<b>12 224 735</b>	<b>5 125 928</b>	<b>473 370 535</b>	<b>17 852 539</b>	<b>13 975 233</b>	<b>412 633 861</b>	<b>941 508 835</b>

## CITY OF MATLOSANA

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

	Note/ App.	2009 R	2008 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from/(utilised in) operations	25	18 205 230	147 023 510
Interest received		68 641 939	69 222 994
Interest paid	22	(16 330 417)	(19 831 689)
Other reserves			
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<u>70 516 752</u>	<u>196 414 815</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(188 353 654)	(185 263 773)
Proceeds on disposal of property, plant and equipment		0	1 402 163
(Increase)/decrease in non-current receivables		15 987	373 090
Increase in non-current investments		( 776 197)	( 833 904)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<u>(189 113 864)</u>	<u>(184 322 423)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)		(35 035 456)	(9 737 304)
Increase in consumer deposits		1 051 434	1 253 988
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>(33 984 022)</u>	<u>(8 483 316)</u>
<b>NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>(152 581 134)</u>	<u>3 609 076</u>
Cash and cash equivalents at the beginning of the year		<b>216 968 719</b>	<b>213 359 645</b>
Cash and cash equivalents at the end of the year	26	<b>75 345 747</b>	<b>216 968 719</b>

**CITY OF MATLOSANA****ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2009****1. BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No.56 of 2003). These accounting policies are consistent with those of the previous financial year.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

**2. PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

**3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**4. OFFSETTING**

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

**5. HOUSING DEVELOPMENT FUND**

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished and transferred to a Housing Development Fund.

The Housing Act prescribes the utilisation of this fund and all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can only be used to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

## **6. RESERVES**

### **6.1. CAPITAL REPLACEMENT RESERVE (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the Capital Replacement Reserve (CRR) in terms of a Council resolution. An amount equal to the actual spending from CRR is contributed to the CRR from the Accumulated Surplus/ (Deficit) to finance the expenditure.

The following conditions are set for the creation and utilization of the CRR:

- The cash that backs the CRR is invested in a designated CRR investment account until utilised. The cash may only be invested in accordance with the investment policy.
- Interest earned on the CRR is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR.
- The CRR may only be utilised for the purpose of purchasing items of property; plant and equipment and may not be used for the maintenance of these items.
- When the items of property; plant and equipment are purchased from the CRR; the CRR is reduced by the amount of property; plant and equipment purchased from the CRR and the accumulated surplus is credited by a corresponding amount. The designated CRR investment account is adjusted accordingly.

### **6.2. CAPITALISATION RESERVE**

Resulting from the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment, have been transferred to a Capitalisation Reserve in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

The balance on the reserve equals the carrying value of the items of property, plant and equipment financed from the former legislative funds. When these items of property, plant and equipment are depreciated, an equivalent amount is transferred from the Capitalisation Reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such an item is transferred to the accumulated surplus.

### **6.3. GOVERNMENT GRANT RESERVE**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grant Reserve equal to the value of the Government Grant recorded as revenue in the Statement of Financial Performance. This transfer is in terms of a directive issued by National Treasury (MFMA circular No. 18 dated 23 June 2005). When such items of property, plant and equipment are depreciated, an equivalent amount is transferred from the Government Grant Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property; plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

### **6.4. DONATIONS AND PUBLIC CONTRIBUTIONS RESERVE**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance. This transfer is in terms of a directive issued by National Treasury (MFMA circular No. 18 dated 23 June 2005). When such items of property, plant and equipment are depreciated, an equivalent amount is transferred from the Donations and Public Contributions Reserve to the accumulated surplus. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set

aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from Donations and Public Contribution reserves grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus.

#### 6.5. SELF INSURANCE RESERVE

The Municipality operates a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that are not fully insured externally. The balance of the Self-Insurance Reserve is based on estimated insurance risk carried by the Municipality. The contribution towards the Reserve is made from the operating account. The balance of the self-insurance fund is invested in short-term cash investments.

Own claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

#### 6.6. EX GRATIA PENSION RESERVE

The Municipality operates an Ex-gratia pension fund with the purpose to provide an ex-gratia amount to employees who do not have membership of a pension fund at retirement. The contributions towards the Reserve are made from the operating account. The balance of the Ex-gratia pension fund is invested in cash investments.

### 7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost; less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

<u>INFRASTRUCTURE</u>	<u>YEARS</u>	<u>OTHER</u>	<u>YEARS</u>
Roads and Paving	10-30	Buildings	30
Electricity	20-30	Other vehicles	3-20
Water	15-20	Office equipment	5-10
Sewerage	15-20	Furniture and fittings	7-10
Specialised plant and equipment	5-15	Other items of plant and equipment	3-15

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance; then it is regarded as repairs and maintenance and is expensed.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

## **8. INVESTMENTS**

### **8.1. FINANCIAL INSTRUMENTS**

Financial instruments, which may include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated as at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

### **8.2. INVESTMENT IN MUNICIPAL ENTITIES**

Investments in municipal entities under the ownership control of the Municipality are carried at cost of invested amount.

## **9. INVENTORIES**

Inventories consist of Consumable, raw materials, work-in-progress and finished goods, which are valued at the lower of cost or net realisable value. In general, the basis of determining cost is the first-in, first-out method.

The value of the Faan Meintjes Reserve is based on 100% of the current realisable value as at 30 June annually.

Land developed for re-sale within one year is classified as an inventory item. The value of the stands is calculated at:  
Councils resolution Rand per square meter or  
Municipal valuation.

Cost of inventories comprises all costs of purchase; costs of convention and other costs incurred in bringing the inventories to their present location and condition. Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

## **10. LEASES**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to Council.

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight line basis over the estimated useful life.

Lease finance costs are expensed when incurred.

Operating leases are those leases, which do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

**11. ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

**12. TRADE CREDITORS**

Trade creditors are stated at their nominal value.

**13. REVENUE RECOGNITION****13.1. REVENUE FROM EXCHANGE TRANSACTIONS**

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and revenue is recognised in the period when the consumption took place. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property. Tariffs are determined per category of property usage, and are levied monthly based on removal once per week.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis that takes into account the effective yields on assets.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

**13.2. REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into operation.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

**14. CONDITIONAL GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

**15. PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

The provision for the accumulated leave of staff that is redeemable complies with the definition of a provision. Additional notes on the detail of the provision as well as the total liability are reflected in the Annual Financial Statements.

**16. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

**17. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**18. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**19. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.



## 20. COMPARATIVE INFORMATION

### 20.1. CURRENT YEAR COMPARATIVES:

Budgeted amounts have been included in the annual financial statements for the current financial year.

### 20.2. PRIOR YEAR COMPARATIVES:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

## 21. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

## 22. CASH FLOW STATEMENT

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdraft.

## 23. RETIREMENT BENEFITS

Councillors and employees as well as Council contribute to the following pension and provident funds, which provide retirement benefits to such Councillors and employees:

Municipal Employees Gratuity Fund	SALA Pension Fund
Pension Fund for Municipal Councillors	SAMWU provident Fund
National Fund for Municipal Workers	Municipal Employees Pension Fund

### ***Actuarial valuations are done as follows:***

Municipal Employees Gratuity Fund:	Actuarial valuation is done every 2 years
Pension Fund for Municipal Councillors:	Actuarial valuation is done every 3 years
National Fund for Municipal Workers:	Not required to do actuarial valuation
Municipal Employees Pension Fund:	Actuarial valuation is done every 2 years
SAMWU provident Fund:	Not required to do actuarial valuation
SALA Pension Fund:	Actuarial valuation is done every 3 years

Council does not operate or are not involved in a guaranteed benefit pension scheme. The above schemes are only based on guaranteed contributions from the side of the Employer.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>1 HOUSING DEVELOPMENT FUND</b>		
Housing Development Fund	5 125 928	5 125 928
Unappropriate Surplus	5 125 928	5 125 928
Loans extinguished by Government on 1 April 1998		
The Housing Development Fund is represented by the following assets and liabilities		
Bank and cash	5 125 928	5 125 928
<b>Sub-total</b>	<b>5 125 928</b>	<b>5 125 928</b>
<b>Total Housing Development Fund Assets and Liabilities</b>	<b>5 125 928</b>	<b>5 125 928</b>

	2009 R	2008 R
<b>2 LONG-TERM LIABILITIES</b>		
Annuity Loans	125 920 477	160 955 934
Sub-total	125 920 477	160 955 934
Less : Current portion transferred to current liabilities	10 280 039	10 462 334
Local Registered Stock Loans		
Annuity Loans	10 280 039	10 462 334
<b>Total External Loans</b>	<b>115 640 438</b>	<b>150 493 599</b>
Refer to Appendix A for more detail on long-term liabilities.		

	2009 R	2008 R
<b>3 CONSUMER DEPOSITS</b>		
Electricity and Water	18 982 787	17 931 354
<b>Total Consumer Deposits</b>	<b>18 982 787</b>	<b>17 931 354</b>
Guarantees held in lieu of Electricity and Water Deposits	1 926 198	1 906 198
Guarantees held in lieu of debtors for the Fresh Produce Market	400 000	400 000

	2009 R	2008 R
<b>4 PROVISIONS AND LIABILITIES</b>		
Staff leave	12 386 167	8 884 528
<b>Total Provisions and liabilities</b>	<b>12 386 167</b>	<b>8 884 528</b>
The movement in current provisions and liabilities are reconciled as follows:		
<b>4.1 Staff Leave</b>		
Balance at beginning of year	8 884 528	14 506 830
Contributions to provisions	0	0
Expenditure incurred	3 501 639	(5 622 302)
<b>Balance at end of year</b>	<b>12 386 167</b>	<b>8 884 528</b>
Redemption of leave during the financial period under review was R1 863 399 ( 2008 - R 5 622 302).		

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

**5 CREDITORS**

	2009 R	2008 R
Trade creditors	84 934	84 934
Other creditors	26 385 833	25 905 881
Payment received in advance	16 336 352	10 958 162
Suspense accounts	4 284 355	4 242 219
<b>Total Creditors</b>	<b>47 091 474</b>	<b>41 191 196</b>

Included in other creditors is retention money R 15 012 890.(2008 - R 8 792 550)

**6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

	2009 R	2008 R
<b>6.1 Conditional Grants from other spheres of Government</b>	<b>40 297 893</b>	<b>88 234 971</b>
MIG Grants (see note 18.4)	17 295 747	38 571 624
Provincial LED Projects (see note 18.5)	5 183	428 800
Provincial Capital Grants (see note 18.6)	18 242 938	43 423 382
National Electricity Regulator (see note 18.7)	345 490	345 490
Finance Management Grant (see note 18.8)	263 464	726 106
Department of Water Affairs (see note 18.10)	1 500 000	1 500 000
Provincial Government Grants (see note 18.11)	2 645 072	3 239 569
<b>6.2 Other Conditional Receipts</b>	<b>146 216</b>	<b>0</b>
Development Bank of South Africa (see note 18.9)	146 216	0
<b>Total Conditional Grants and Receipts</b>	<b>40 444 109</b>	<b>88 234 971</b>

**7 VAT**

	2009 R	2008 R
VAT payable	27 665 298	19 780 483

VAT is payable on the cash basis.

**8 INVESTMENTS**

	2009 R	2008 R
<b>Unlisted</b>		
Senwes	0	57 202
	0	57 202
<b>Financial Instruments</b>		
Fixed Deposits	8 585 316	7 751 917
Total Cash Investments	<b>8 585 316</b>	<b>7 751 917</b>
<b>Total Investments</b>	<b>8 585 316</b>	<b>7 809 119</b>
<b>Valuation of unlisted investments</b>		
Senwes	0	57 202
	0	57 202
Allocation of external investments:		
In terms of legislation, surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-		
Redemption of Long-Term Liability (Maturing June 2019)	7 751 917	7 751 917
Accumulated Surplus/(Deficit)	833 399	57 202
<b>Total</b>	<b>8 585 316</b>	<b>7 809 119</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

## 9.1 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other	Total
	R	R	R	R	R	R
<b>Carrying values at 1 July 2008</b>	<b>119,605,294</b>	<b>534,326,699</b>	<b>49,355,624</b>	<b>1,485,811</b>	<b>47,724,061</b>	<b>752,497,489</b>
Cost	148,239,548	740,107,842	73,102,081	1,570,536	198,407,180	1,161,427,187
Correction of error	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated depreciation	(28,634,254)	(205,781,143)	(23,746,456)	(84,725)	(150,683,119)	(408,929,697)
- Cost	(28,634,254)	(205,781,143)	(23,746,456)	(84,725)	(150,683,119)	(408,929,697)
- Revaluation	-	-	-	-	-	-
Acquisitions	18,960,097	120,808,677	5,979,826	-	42,605,054	188,353,654
Capital under Construction	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-
Depreciation	(3,404,151)	(39,539,173)	(2,436,293)	-	(17,415,452)	(62,795,068)
- based on cost	(3,404,151)	(39,539,173)	(2,436,293)	-	(17,415,452)	(62,795,068)
- based on revaluation	-	-	-	-	-	-
Carrying value of disposals	-	(2,302,422)	-	-	79,826	(2,222,597)
Cost/revaluation	(1,460)	(2,351,710)	(719)	-	(471,266)	(2,825,155)
Accumulated depreciation	1,460	49,288	719	-	551,092	602,559
Impairment losses	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
<b>Carrying values at 30 June 2009</b>	<b>135,161,240</b>	<b>613,293,781</b>	<b>52,899,158</b>	<b>1,485,811</b>	<b>72,993,489</b>	<b>875,833,479</b>
Cost	167,198,185	858,564,810	79,081,188	1,570,536	240,540,968	1,346,955,686
Revaluation	-	-	-	-	-	-
Accumulated depreciation	(32,036,945)	(245,271,029)	(26,182,030)	(84,725)	(167,547,479)	(471,122,207)
Cost	(32,036,945)	(245,271,029)	(26,182,030)	(84,725)	(167,547,479)	(471,122,207)
Revaluation	-	-	-	-	-	-

Reconciliation of Carrying Value	Land and Buildings	Infra- structure	Community	Heritage	Other	Total
	R	R	R	R	R	R
<b>Carrying values at 1 July 2007</b>	<b>103,518,532</b>	<b>423,907,217</b>	<b>43,291,385</b>	<b>1,485,811</b>	<b>45,787,556</b>	<b>617,990,501</b>
Cost	129,432,633	597,322,100	64,894,443	1,570,536	190,796,693	984,016,405
Correction of error	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated depreciation	(25,914,101)	(173,414,883)	(21,603,058)	(84,725)	(145,009,137)	(366,025,904)
- Cost	(25,914,101)	(173,414,883)	(21,603,058)	(84,725)	(145,009,137)	(366,025,904)
- Revaluation	-	-	-	-	-	-
Acquisitions	18,774,527	142,834,471	8,207,638	-	15,447,137	185,263,773
Seperation Inventory from Assets	-	-	-	-	-	-
Capital under Construction	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-
Depreciation	(2,702,644)	(32,383,234)	(2,143,807)	-	(13,063,036)	(50,292,721)
- based on cost	(2,702,644)	(32,383,234)	(2,143,807)	-	(13,063,036)	(50,292,721)
- based on revaluation	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	452,702	452,702
Cost/revaluation	-	-	-	-	(7,841,630)	(7,841,630)
Accumulated depreciation	-	-	-	-	7,388,928	7,388,928
Impairment losses	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
<b>Carrying values at 30 June 2008</b>	<b>119,590,415</b>	<b>534,358,454</b>	<b>49,355,216</b>	<b>1,485,811</b>	<b>47,718,955</b>	<b>752,508,851</b>
Cost	148,207,160	740,156,571	73,102,081	1,570,536	198,402,200	1,161,438,548
Revaluation	-	-	-	-	-	-
Accumulated depreciation	(28,616,745)	(205,798,117)	(23,746,865)	(84,725)	(150,683,245)	(408,929,697)
Cost	(28,616,745)	(205,798,117)	(23,746,865)	(84,725)	(150,683,245)	(408,929,697)
Revaluation	-	-	-	-	-	-

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### PROPERTY, PLANT AND EQUIPMENT - *continued*

	2009 R	2008 R
<b>9.2 INVESTMENT PROPERTIES</b>		
Cost	5 403 557	5 392 196
<b>Total Investment Properties</b>	<u>5 403 557</u>	<u>5 392 196</u>

	2009 R	2008 R
<b>10 LONG-TERM RECEIVABLES</b>		
Bursary loans	334 217	442 129
Sport bodies	312 397	330 591
High tension connections	3 398	9 622
Abattoir	10 280 000	10 280 000
Sale of Housing Stands	1 694 939	2 352 385
Housing houses	9 951 623	9 233 766
	<b>22 576 574</b>	<b>22 648 493</b>
Less : Short-term portion transferred to current assets	<b>237 817</b>	<b>293 749</b>
Bursary loans	215 890	270 210
Sport bodies	18 529	17 803
High tension connections	3 398	5 736
<b>Total</b>	<b><u>22 338 757</u></b>	<b><u>22 354 744</u></b>

#### BURSARY/STUDY LOANS

Different loan schemes were in place. Loans were granted to officials and public for study purposes at various interest rates and repayable over a maximum period of 5 years. In terms of MFMA no new loans may be granted.

#### SPORT BODIES

Different loan schemes are in place for various sporting bodies. The interest rates fluctuate between 5% to 15% repayable over a period from 5 years to 20 years. The MFMA also stopped this practice.

#### HIGH TENSION CONNECTIONS

Council do not grant any high tension loans as it is now prohibited by the MFMA. High tension loans were previously granted to public who made applications to the Council. The maximum loan amount was R 35 000. Loans were determined at 15% interest rate and repayable over a period of 60 months.

#### SALE OF HOUSING STANDS

Stands were sold to public and this practice has also prohibited by the MFMA. Sale of stands were determined at 15% interest rate repayable over a period of 60 months

#### SALE OF HOUSES

Houses were sold to public and this practice is also prohibited by the MFMA. Sale of houses were determined at 15% interest rate repayable over a period of 60 months

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>11 INVENTORY</b>		
Consumable stores - at cost	30 741 006	21 310 959
Museum stores - at authorized value	161 091	188 679
Nature reserve -wild stock	3 626 113	3 415 451
Unsold properties held for resale at council resolution or municipal valuation.	424 971	708 732
Inventory Unsold Water	2 166 544	1 382 193
<b>Total Inventory</b>	<b>37 119 724</b>	<b>27 006 013</b>
The amount disclosed in these financial statements reflects water stock as at 30 June 2009 calculated based on the buying cost. See note 28.6 for inventory shortages and surpluses.		

<b>12 CONSUMER DEBTORS</b>	<b>Gross Balances</b>	<b>Provision for Bad Debts</b>	<b>Net Balance</b>
<b>As at 30 June 2009</b>			
Service debtors	717 568 271	580 450 617	137 117 654
Rates	118 607 875	93 902 878	24 704 997
Electricity	47 433 490	25 852 741	21 580 749
Water	125 993 612	101 605 773	24 387 839
Sewerage	58 395 310	47 844 737	10 550 574
Refuse	57 224 186	47 769 957	9 454 229
Other debtors	217 890 579	183 372 294	34 518 284
Sundry Debtors	92 023 219	80 102 237	11 920 982
	<b>717 568 271</b>	<b>580 450 617</b>	<b>137 117 654</b>
Payments in advance			16 336 352
<b>Total</b>			<b>120 781 302</b>
<b>As at 30 June 2008</b>			
Service debtors	536 893 169	476 696 056	142 237 759
Rates	100 944 445	78 907 416	22 037 029
Electricity	35 656 676	18 304 948	17 351 728
Water	98 537 456	76 371 308	22 166 148
Sewerage	52 008 411	41 892 402	10 116 010
Refuse	49 463 323	40 746 496	8 716 826
Other debtors	200 282 859	220 473 486	(20 190 627)
Sundry Debtors	82 040 645	0	82 040 645
	<b>536 893 169</b>	<b>476 696 056</b>	<b>142 237 759</b>
Payments in advance			10 958 162
<b>Total</b>			<b>131 279 597</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

**12 CONSUMER DEBTORS - continued**

	2009 R	2008 R
<b><u>Rates : Ageing</u></b>		
Current (0 - 30 days)	8 951 462	8 990 245
31 - 60 Days	4 090 498	3 193 739
61 - 90 Days	2 766 115	2 442 505
90+ Days	102 799 801	86 317 958
<b>Total</b>	<b>118 607 875</b>	<b>100 944 447</b>

**Electricity, Water, Refuse, Sewerage and other debtors : Ageing**

Current (0 - 30 days)	35 628 207	33 713 781
31 - 60 Days	14 440 908	11 667 583
61 - 90 Days	11 839 382	10 983 964
90+ Days	445 028 679	409 845 562
<b>Total</b>	<b>506 937 177</b>	<b>466 210 890</b>

**Housing rentals : Ageing**

Current (0 - 30 days)	( 158 467)	3 594 569
31 - 60 Days	119 857	297 201
61 - 90 Days	119 132	294 483
90+ Days	10 227 199	16 769 495
<b>Total</b>	<b>10 307 722</b>	<b>20 955 748</b>

**Summary of Debtors by Customer Classification**  
30 June 2009

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Other</u>
	R	R	R	R
Current (0 - 30 days)	38 480 927	6 103 958	1 173 405	737 258
31 - 60 Days	16 924 446	2 630 965	370 713	523 313
61 - 90 Days	13 436 525	1 947 929	229 681	589 499
90+ Days	588 863 172	44 669 687	2 736 862	41 115 232
<b>Total by Customer</b>	<b>657 705 071</b>	<b>55 352 539</b>	<b>4 510 661</b>	<b>42 965 303</b>

**Summary of Debtors by Customer Classification**  
30 June 2008

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Other</u>
	R	R	R	R
Current (0 - 30 days)	36 350 505	5 147 269	1 468 994	737 258
31 - 60 Days	12 736 128	1 284 622	317 256	523 313
61 - 90 Days	11 584 577	1 018 536	233 858	589 499
90+ Days	419 664 968	32 777 105	2 606 216	41 115 232
<b>Total by Customer</b>	<b>480 336 178</b>	<b>40 227 531</b>	<b>4 626 323</b>	<b>42 965 303</b>

Provision for bad debts was calculated as a percentage as per Council policy based on 08/09 to the outstanding amounts.

**PROVISION FOR BAD DEBTS**

Balance at 1 July 2008	476 695 256	430 278 178
Contribution for the year	120 645 281	46 452 168
Written off for the year	(16 890 720)	( 34 291)
<b>Balance at 30 June 2009</b>	<b>580 449 817</b>	<b>476 695 256</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>13 OTHER DEBTORS</b>		
Unauthorized expenditure (see Note 32.1)	34 995	34 995
Fruitless and wasteful expenditure (see Note 32.2)	161 958	161 958
Insurance claims	2 682 221	3 237 689
Housing (Internal Loan)	11 000 000	11 000 000
Provincial health subsidies	0	2 807 991
District Municipality Environmental Health	0	1 455 508
Payment made in advance	125 265	125 265
Market	2 421 406	1 833 350
Dep Eskom	319 953	0
Dep Petrol Twaranang	500	0
Housing rentals	17 917 800	14 793 684
Abattoir Debtors	4 469 346	0
Receivables	7 430 045	0
Housing Debtors	3 255 715	0
Suspense accounts	2 051 678	712 241
<b>Total Other Debtors</b>	<b>51 870 881</b>	<b>36 162 682</b>

	2009 R	2008 R
<b>14 CALL INVESTMENT DEPOSITS</b>		
Other Deposits	82 232 916	225 596 384
<b>Allocation of external investments</b>		
In terms of legislation, surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-		
Ex Gratia Pension Reserve	139 091	139 091
Capital Replacement Reserve	6 186 913	6 186 913
Unspent conditional grants and receipts	40 444 109	88 234 971
Self Insurance Fund	12 224 735	13 223 333
Housing Development Fund	5 125 928	5 125 928
Accumulated (Deficit) / Surplus	18 112 140	112 686 148
<b>Total</b>	<b>82 232 916</b>	<b>225 596 384</b>
The total deficit in cash for Accumulated Surplus/(Deficit) amounts to R 79 460 165.		



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>15 BANK, CASH AND OVERDRAFT BALANCES</b>		
The Municipality has the following bank accounts:		
<b>Current Account (Primary Bank Account)</b>		
<b>ABSA Bank - Church street Klerksdorp</b>		
<b>Account Number : 4060008684</b>		
Cash book balance at beginning of year	1 061 564	7 682 597
Cash book balance at end of year	488 509	1 061 564
Bank statement balance at beginning of year	7 381 874	7 790 073
Bank statement balance at end of year	717 576	7 381 874
<b>ABSA Bank - Church street Klerksdorp</b>		
<b>Account Number : 01000100176</b>		
Cash book balance at beginning of year	(10 639 931)	21 463 335
Cash book balance at end of year	(7 568 490)	(10 639 931)
Bank statement balance at beginning of year	50 333 230	27 765 028
Bank statement balance at end of year	26 787 113	50 333 230
<b>ABSA Bank - Church street Klerksdorp</b>		
<b>Account Number : 950164379 (Stadsraad Water)</b>		
Cash book balance at beginning of year - overdrawn	1 694 394	2 697 939
Cash book balance at end of year	1 888 824	1 694 394
Bank statement balance at beginning of year	1 701 951	2 732 058
Bank statement balance at end of year	1 962 116	1 701 951
<b>ABSA Bank - Church street Klerksdorp</b>		
<b>Account Number : 950000090 (Market)</b>		
Cash book balance at beginning of year	( 800 514)	699 967
Cash book balance at end of year	(1 750 836)	( 800 514)
Bank statement balance at beginning of year	74 058	1 583 279
Bank statement balance at end of year	1 777 236	74 058
<b>ABSA Bank - Church street Klerksdorp</b>		
<b>Account Number : 4059133084 (Mayor's Golf Day)</b>		
Cash book balance at beginning of year	( 2 413)	66 383
Cash book balance at end of year	( 2 413)	( 2 413)
Bank statement balance at beginning of year	2 778	71 383
Bank statement balance at end of year	174	2 778
<b>CASH ADVANCES</b>		
Petty Cash	57 235	59 235
<b>Total Cash Advances</b>	57 235	59 235
<b>Total Cash balances</b>	(6 944 405)	(8 686 900)
<b>Total Overdrafts balances</b>	0	0
<b>Total Cash and overdrafts balances</b>	<b>(6 944 405)</b>	<b>(8 686 900)</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>16 PROPERTY RATES</b>		
<u>Actual</u>		
Residential and commercial	109 770 209	94 959 457
Indigent	17 769 755	12 153 257
Agricultural	0	2 585 394
State	3 172 219	3 320 178
Sundry debtors	35 616	25 509
<b>Total Assessment Rates</b>	<b>130 747 799</b>	<b>113 043 795</b>
<u>Valuations</u>	<u>July 2006 R 000</u>	<u>July 2005 R 000</u>
Residential and commercial	641 763	624 979
Agricultural	56 872	109 167
State	18 790	18 880
Municipal and farms	349 748	368 951
<b>Total Property Valuations</b>	<b>1 067 173</b>	<b>1 121 977</b>

	2009 R	2008 R
<b>17 SERVICE CHARGES</b>		
Sale of electricity	240 730 220	196 703 850
Sale of water	127 386 771	111 413 107
Refuse removal	61 367 585	52 939 246
Sewerage and sanitation charges	62 014 823	59 126 445
<b>Total Service Charges</b>	<b>491 499 399</b>	<b>420 182 649</b>

	2009 R	2008 R
<b>18 GRANTS AND SUBSIDIES</b>		
Equitable share	172 771 264	135 346 269
Provincial LED Projects	0	699 809
Provincial health subsidies	0	6 938 579
Finance Management Grant	500 000	500 000
District Municipality Environmental Health	4 500 000	182 401
District Municipality - operational grants	8 170 419	8 170 419
District Municipality Capital assets grants	9 622 136	9 622 136
MIG Grant	89 977 877	99 621 247
National Electricity Regulator	345 490	345 490
Provincial capital grants	25 180 443	3 805 641
<b>Total Government Grant and Subsidies</b>	<b>311 067 629</b>	<b>265 231 991</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

## 18 GRANTS AND SUBSIDIES - continued

### 18.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R 158.49 (R70 056 741) excluding subsidy for rates due to variable valuations.

### 18.2 Provincial Health Subsidies

Balance unspent at beginning of year	(5 774 453)	(3 204 182)
Current year receipts - included in public health vote	0	6 938 579
Conditions met - transferred to revenue	(1 972 120)	(9 508 850)
Conditions still to be met - transferred to liabilities (see note 6)	(7 746 573)	(5 774 453)

The Municipality primarily renders health services on behalf of the Provincial Government and is refunded approximately 80% of total expenditure incurred. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy.

### 18.3 District Municipality Environmental

Balance unspent at beginning of year	(2 752 968)	( 729 236)
Current year receipts - included in public health vote	4 500 000	182 401
Conditions met - transferred to revenue	(1 500 280)	(2 206 133)
Conditions still to be met - transferred to liabilities (see note 6)	246 752	(2 752 968)

The Municipality renders environmental services on behalf of the District Municipality and is refunded for expenditure incurred. This grant has been used exclusively to fund environmental service (included in the public health vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy.

### 18.4 MIG Grant

Balance unspent at beginning of year	38 571 624	12 741 254
Current year receipts	68 702 000	125 451 617
Conditions met - transferred to revenue	(89 977 877)	(99 621 247)
Conditions still to be met - transferred to liabilities (see note 6)	17 295 747	38 571 624

This grant was used to construct roads, storm water, streetlights, sewerage and water infrastructure as part of the upgrading of informal settlement areas (included in the roads and sewerage votes in Appendix B). No funds have been withheld. Funds include R10,7 (m) received for 2009 / 2010 financial year for National Budget.

### 18.5 Provincial LED Projects

Balance unspent at beginning of year	428 799	616 879
Current year receipts	0	699 809
Conditions met - transferred to revenue	( 423 616)	( 887 889)
Conditions still to be met - transferred to liabilities (see note 6)	5 183	428 799

Provincial LED Projects grants are used to promote Small, Medium and Micro Enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government (included in Local Economic development and Procurement vote in Appendix D). No funds have been withheld.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

**18 GRANTS AND SUBSIDIES - continued****18.6 Provincial Capital Grants**

Balance unspent at beginning of year	43 423 381	25 229 022
Current year receipts	0	22 000 000
Conditions met - transferred to revenue	(25 180 443)	(3 805 641)
Conditions still to be met - transferred to liabilities (see note 6)	18 242 938	43 423 381

Provincial capital grants are used to upgrade libraries, construct heritage assets, transport museum, supply water and sanitation to farm schools, bucket eradication and supply electricity and sewerage to the prison. The grant is spent in accordance with a business plan approved by the Provincial Government included in Appendix D. No funds have been withheld.

**18.7 National Electricity Regulator**

Balance unspent at beginning of year	345 490	496 900
Current year receipts	0	2 200 000
Conditions met - transferred to revenue	0	(2 351 410)
Conditions still to be met - transferred to liabilities (see note 6 (2005/2006) and 13 (2004/2005) other debtors)	345 490	345 490

National Electricity Regulator grants are used supply electricity to consumers. The grant is spent in accordance with a business plan approved by the N.E.R. included in Appendix D. No funds have been withheld.

**18.8 Finance Management Grant**

Balance unspent at beginning of year	726 106	1 749 621
Current year receipts	500 000	500 000
Conditions met - transferred to revenue	(962 642)	(1 521 315)
Conditions met - transferred to capital expenditure	0	(2 200)
Conditions still to be met - transferred to liabilities (see note 6)	263 464	726 106

Finance Management Grant is used to support the municipality with National Treasury budget and financial reforms. The grant is spent in accordance with a the guidelines of National Treasury. included in Appendix D. No funds have been withheld.

**18.9 Development Bank of South Africa**

Balance unspent at beginning of year	0	0
Current year receipts	146 216	0
Conditions met - transferred to revenue	0	0
Conditions met - transferred to capital expenditure	0	0
Conditions still to be met - transferred to liabilities (see note 6)	146 216	0

**18.10 Department of Water Affairs**

Balance unspent at beginning of year	1 500 000	1 500 000
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions met - transferred to capital expenditure	0	0
Conditions still to be met - transferred to liabilities (see note 6)	1 500 000	1 500 000

The grant received from the Department of Water Affairs is used support the Municipality with the relieving of drought. The grant is spent in accordance with a business plan approved by the Department of Water Affairs. included in Appendix D. No funds have been withheld.

**18.11 Provincial Government Grants**

Balance unspent at beginning of year	3 239 569	3 239 569
Current year receipts	0	0
Conditions met - transferred to revenue	(594 497)	0
Conditions met - transferred to capital expenditure	0	0
Conditions still to be met - transferred to liabilities (see note 6)	2 645 072	3 239 569

The grant received from the Provincial Government is used support the Municipality with the development of the Museum. The grant is spent in accordance with a business plan approved by the Provincial Government. included in Appendix D. No funds have been withheld.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

**18 GRANTS AND SUBSIDIES - continued****18.12 District Municipality Grants**

Balance unspent at beginning of year	(8 170 419)	0
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions met - transferred to operational expenditure	(8 170 419)	(8 170 419)
Conditions still to be met - transferred to liabilities (see note 6)	(16 340 838)	(8 170 419)

The grant received from the District Municipality is used to support the Municipality with the repair and maintenance of fire vehicles, Environmental Mayoral Programme and 2010 World Cup projects. R5m for the was received in July 2008. Included in Appendix D. No funds have been withheld.

**18 GRANTS AND SUBSIDIES - continued****18.13 District Municipality Capital Grants**

Balance unspent at beginning of year	0	0
Current year receipts	9 622 136	9 622 136
Conditions met - transferred to revenue	0	0
Conditions met - transferred to capital expenditure	(9 622 136)	(9 622 136)
Conditions still to be met - transferred to liabilities	0	0

Various capital grant in the form of assets were received from the District Municipality as support to the Municipality and is included in Appendix D. No assets have been withheld.

**18.14 Changes in levels of government grants**

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

**19 OTHER INCOME**

	2009 R	2008 R
Connections	1 147 133	586 679
Commissions on services rendered	614 180	505 364
Provincial Government Commission on Licenses	8 687 663	7 123 792
Fees Burial	822 687	820 860
Fees Parking	153 727	252 190
Fees Ripe and Cool	317 549	302 621
Fees Administration	1 882 440	2 391 357
Legal Costs	920 091	1 400 000
Provincial Government Motors Direct	5 015	6 010
MIG project management unit	0	566 073
Job costing	1 501 718	1 894 306
Revaluation of Shares	25 116	12 120
Sale of Stands	1 061 785	(2 913 348)
Sale of Abattoir	7 469 346	0
SBP Income	1 501 718	
Seta Training	967 916	682 784
Transfer from leave provision	0	310 070
Other none material income	32 711 243	24 254 622
<b>Total Other Income</b>	<b>59 789 327</b>	<b>38 195 500</b>

The basis of greater than R500 000 and disclosure i.t.o. GAP1.99 (Shares & investment impairment) were used to indicated the breakdown of other income.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R		
<b>20 EMPLOYEE RELATED COSTS</b>				
Employee related costs - Salaries, wages and other allowances	183 099 125	162 257 522		
Employee related costs - Contributions for pensions, UIF, group insurance and medical aids	49 595 651	48 517 255		
Travel and motor car allowances	4 771 247	4 972 385		
Housing benefits and allowances	2 109 700	1 307 393		
Overtime payments	13 288 805	8 951 105		
Performance bonus	0	296 769		
Less: Employee costs unauthorized to Property, Plant and Equipment	0	( 307 429)		
<b>Total Employee Related Costs</b>	<b>252 864 527</b>	<b>225 995 000</b>		
There were no advances to employees. Loans to employees are set out in note 10.				
<b>Remuneration of the Municipal Manager</b>				
Annual Remuneration : Package	978 431	836 863		
Performance Bonuses	0	0		
Car Allowance	0	0		
Contributions to UIF, Medical and Pension Funds	0	0		
<b>Total</b>	<b>978 431</b>	<b>836 863</b>		
<b>Remuneration of the Chief Finance Officer</b>				
Annual Remuneration : Package	778 898	670 800		
Performance Bonuses	0	0		
Car Allowance	0	0		
Contributions to UIF, Medical and Pension Funds	0	0		
<b>Total</b>	<b>778 898</b>	<b>670 800</b>		
<b>Remuneration of Managers</b>				
	<b>Director Infrastructure &amp; Utilities : Section 57 appointment</b>	<b>Director Municipal &amp; Social Services : Section 57 appointment</b>	<b>Director Corporate Services &amp; Governance : Section 57 appointment</b>	<b>Director Economic Development &amp; Procurement : Section 57 appointment</b>
<b>30 June 2009</b>				
Annual Remuneration : Package	778 898	778 898	766 165	692 235
Performance Bonuses	0	0	0	0
Car Allowance	0	0	0	0
Contributions to UIF, Medical and Pension Funds	0	0	0	0
<b>Total</b>	<b>778 898</b>	<b>778 898</b>	<b>766 165</b>	<b>692 235</b>
	<b>Manager - Support Services</b>			
<b>30 June 2009</b>				
Annual Remuneration : Package	516 232			
Performance Bonuses	0			
Car Allowance	0			
Contributions to UIF, Medical and Pension Funds	0			
<b>Total</b>	<b>516 232</b>			
	<b>Director Infrastructure &amp; Utilities : Section 57 appointment</b>	<b>Director Municipal &amp; Social Services : Section 57 appointment</b>	<b>Director Corporate Services &amp; Governance : Section 57 appointment</b>	<b>Director Economic Development &amp; Procurement : Section 57 appointment</b>
<b>30 June 2008</b>				
Annual Remuneration : Package	778 898	778 898	766 165	692 235
Performance Bonuses	0	0	0	0
Car Allowance	0	0	0	0
Contributions to UIF, Medical and Pension Funds	0	0	0	0
<b>Total</b>	<b>778 898</b>	<b>778 898</b>	<b>766 165</b>	<b>692 235</b>
Council approved new structure in terms of which the Deputy Municipal Manager's position were removed from the organogram, and Head of Department's positions were substituted with Directors				

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>21 REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	570 581	387 192
Speaker	446 844	311 065
Mayoral Committee Members (Councillors: 9 [2008 : 8])	4 059 180	4 679 091
Councillors (Councillors: 50 [2008 : 51])	8 581 478	6 894 332
<b>Total Councillors' Remuneration</b>	<b>13 658 083</b>	<b>12 271 679</b>
The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost to Council. The Executive Mayor has use of a Council owned vehicle for official duties.		

	2009 R	2008 R
<b>22 INTEREST PAID</b>		
Long-term liabilities	16 330 417	19 831 689
<b>Total Interest on External Borrowings</b>	<b>16 330 417</b>	<b>19 831 689</b>
Interest was paid to lenders as indicated in Appendix A		

	2009 R	2008 R
<b>23 BULK PURCHASES</b>		
Electricity	157 756 492	114 157 932
Water	102 429 319	84 770 192
<b>Total Bulk Purchases</b>	<b>260 185 810</b>	<b>198 928 124</b>
Electricity and water are supplied by Eskom and Midvaal Water Company. Residence of Hartbeesfontein are supplied with water purchased from a private individual.		

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>24 GENERAL EXPENSES</b>		
Included in general expenses are the following expenditure		
Assessment rates	2 351 077	2 235 430
Consultants	967 341	533 436
Consumables	2 862 656	2 587 497
Free Basic Services	59 802 887	53 681 290
Hire computer equipment	996 875	1 027 615
Insurance U.I.F	1 630 172	1 502 995
Insurance short-term	1 680 325	5 615 679
Levy skills development	1 886 882	1 682 094
Long-term liability: District Municipality	6 087 177	6 121 866
Mayor's special projects	113 056	1 543 025
Meter readings	4 366 238	3 850 032
Postage	2 261 805	2 569 808
Printing and stationeries	2 489 799	2 238 852
Security	4 242 060	3 758 182
Telephone and call charges	3 606 558	3 180 505
Vehicle charges	18 454 614	17 798 332
The list above represent general expenditure above R1 million and disclosure items.		

	2009 R	2008 R
<b>25 CASH GENERATED BY OPERATIONS</b>		
Surplus for the year	67 753 470	170 784 441
Adjustment for :		
Depreciation	62 795 068	50 292 722
(Loss) / Gain on disposal of property, plant and equipment	2 222 597	( 949 461)
Contribution to provisions - current	3 501 639	(5 622 302)
Contribution to bad debt provision	120 645 281	46 452 168
* Interest received	(68 641 939)	(69 222 994)
Interest paid	16 330 417	19 831 689
<b>Operating surplus before working capital changes:</b>	<b>204 606 533</b>	<b>211 566 263</b>
(Increase) in inventories	(10 113 711)	(9 802 226)
(Increase) in debtors	(126 483 338)	(35 677 377)
(Increase) in other debtors	(15 708 200)	(48 315 629)
(Decrease) / increase in conditional grants and receipts	(47 937 078)	34 349 687
Increase in creditors	5 900 277	3 922 016
Increase in short-term portion of long-term debtors	55 932	394 416
Increase / (Decrease) in VAT	7 884 815	(9 413 640)
<b>Cash generated by /(utilised in) operations</b>	<b>18 205 230</b>	<b>147 023 510</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>26 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial		
Bank balances and cash	57 235	59 235
Call investment deposits	82 232 916	225 596 384
Bank overdraft	(6 944 405)	(8 686 900)
<b>Total cash and cash equivalents</b>	<b>75 345 747</b>	<b>216 968 719</b>
No overdraft facilities are currently available to Council.		

	2009 R	2008 R
<b>27 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term liabilities (see Note 2)	125 920 477	160 955 934
Used to finance property, plant and equipment - at cost	125 920 477	160 955 934
Sub-total	0	0
Cash set aside for the repayment of long-term liabilities (see note 8 and 14)	7 751 917	7 751 917
<b>Cash invested for repayment of long-term liabilities</b>	<b>7 751 917</b>	<b>7 751 917</b>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.		

	2009 R	2008 R
<b>28 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL</b>		
<b><u>28.1 Unauthorized expenditure</u></b>		
Reconciliation of unauthorized expenditure		
Opening balance	34 995	34 995
Unauthorized expenditure current year		
Approved by Council or condoned		
Transfer to receivables for recovery (Note 15)		
Unauthorized expenditure awaiting authorization	34 995	34 995
<b><u>28.2 Fruitless and wasteful expenditure</u></b>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	4 056 958	161 958
Fruitless and wasteful expenditure current year		3 895 000
Approved by Council or condoned		
To be recovered approximately- contingent asset	0	0
Fruitless and wasteful expenditure awaiting condonement	4 056 958	4 056 958
Penalties of R195 000 emanating from a late payment to South African Receiver Services will be waived in the next financial year.		
<b><u>28.3 Irregular expenditure</u></b>		
Reconciliation of irregular expenditure		
Opening balance	26 939 994	
Irregular expenditure current year		26 939 994
Condoned and repaid by Council	(26 939 994)	
Transfer to receivables for recovery - not condoned		
Irregular expenditure awaiting condonement	0	26 939 994
It emanates from an external loan which was acquired without following all necessary processes. A report will be submitted to Council for the change and approval. No criminal procedures will be needed as the institution agreed to cancel the loan.		

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>29 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b><u>29.1 Contributions to organized local government</u></b>		
Opening balance		
Council subscriptions		
Amount paid - current year		
Amount paid - previous years		
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>
<b><u>29.2 Audit fees</u></b>		
Opening balance		
Current year audit fee	2 380 408	1 923 641
Amount paid - current year	2 380 408	1 923 641
Amount paid - previous year		
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>
<b><u>29.3 VAT</u></b>		
VAT inputs receivables and VAT outputs receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.		
<b><u>29.4 PAYE and UIF</u></b>		
Opening balance	183 865	1 441 129
Current year payroll deductions	23 010 265	20 479 563
Amount paid - current year	23 010 265	20 295 699
Amount paid - previous year	183 865	1 441 129
<b>Balance unpaid (included in creditors)</b>	<b>( 0)</b>	<b>183 865</b>
The balance represents PAYE and UIF deducted from the June 2008 payroll. These amounts were paid during July 2008.		
<b><u>29.5 Pension and Medical Aid Deductions</u></b>		
Opening balance	5 290 938	4 160 159
Current year payroll deductions and Council contributions	65 948 799	59 885 447
Amount paid - current year	65 948 799	54 594 508
Amount paid - previous year	5 290 938	4 160 159
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>5 290 938</b>
The balance represents pension and medical contributions deducted from employees in the June 2008 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2008.		

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

## 29 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL

### FINANCE MANAGEMENT ACT - *continued*

#### 29.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at :

**30 June 2009**

	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
Councillor Koen J	4 165	3 744	421
Councillor Moleme H	14 679	13 004	1 675
	<u>18 844</u>	<u>16 748</u>	<u>2 095</u>

#### **Total Councillor Arrear Consumer Accounts**

**30 June 2008**

	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
Councillor Terblanche SP	396	396	
Councillor Mohale GJ	129	129	
Councillor Mothibedi LM	2 288	433	1 855
<b>Total Councillor Arrear Consumer Accounts</b>	<u>2 812</u>	<u>958</u>	<u>1 855</u>

During the year the following Councillors had arrear accounts outstanding for more than 90 days

**30 June 2009**

	<u>Highest Amount Outstanding</u>	<u>Ageing</u>
Councillor Koen J	1 375	30 Days
Councillor Moleme H	9 464	30Days

**30 June 2008**

Councillor Terblanche SP	201	30 Days
Councillor Mohale GJ	306	90 Days
Councillor Mothibedi LM	1 855	90 Days

#### 29.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

None

## 30 OPERATING LEASE COMMITMENTS

The Municipality's future minimum commitments on hire of photostat machines are as follows:

	<b>2009 R</b>	<b>2008 R</b>
Due within one year	225 006	561 647
Due between one and five years	27 156	252 163
	<u>252 162</u>	<u>813 810</u>

The Municipality's future minimum commitments on hire of vehicles are as follows:

Due within one year	5 354 971	5 354 971
Due between one and five years	9 780 148	15 135 119
	<u>15 135 119</u>	<u>20 490 090</u>
<b>Total lease commitments</b>	<u>15 387 281</u>	<u>21 303 900</u>

During the 2007-2008 financial year Council entered into an operational lease with Fleet Africa for additional 55 vehicles

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>31 CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure:		
- Approved and contracted for	129 070 430	130 543 150
Infrastructure	110 327 210	89 144 680
Community	7 917 210	35 624 770
Other	10 826 010	5 773 700
<b>Total</b>	<b>129 070 430</b>	<b>130 543 150</b>
This expenditure will be financed from:		
- External Loans	17 083 070	10 128 940
- Capital Replacement Reserve	45 525 870	48 659 080
- Government Grants	66 461 490	71 755 130
	<b>129 070 430</b>	<b>130 543 150</b>

## 32 RETIREMENT BENEFIT INFORMATION

An amount of R33 712 989 was contributed by Council in respect of councillor and employees retirement funding. These contributions have been expensed.

Certain employees were prevented from joining Council's retirement funds. In terms of Council's employment policies, an obligation to provide pensions exists. These amounts are expensed on payment.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>33 CONTINGENT LIABILITY</b>		
<b>City of Matlosana / H C Marais</b>		
Private house was damaged due to land subsidence from Council's side.	1 050 000	600 000
<b>City of Matlosana / North West Security Services t/a Cetronic Security Services</b>		
Contract was cancelled with Cetronic Services. The amount payable is for services delivered after cancellation date.	145 000	0
<b>City of Matlosana/ Toro Ya Africa</b>		
Matter concerning a summons issued against Toro Ya Africa (Pty) Ltd in respect of the Alabama Ext 3 project	210 300 000	0
<b>City of Matlosana / A. H. Mostert &amp; ZD Nxyruma</b>		
Me. Mostert sue Council as a result of a motor accident in which one of Council's vehicle was involved. The case is defended on various grounds which favour Council.	40 000	44 293
<b>City of Matlosana, Valuation Board and City Valuers / Diggers Development</b>		
The said firm sue Council for expenditure they claimed which they incurred during Valuation Board sittings. Their directors were summoned to appear before the Board.	15 000	0
<b>City of Matlosana / Several Application Against Residents of Orkney Vaal Resort</b>		
Application for the demolition of the unlawful structure at Orkney Vaal. Several court orders were obtained, and the illegal structure on these stands were removed by the residents themselves.	1 050 000	0
<b>City of Matlosana / Sebogodi</b>		
MG Sebogodi has proceeded with claim against Council in the High Court for which he claimed damages as a result of alleged negligence of the Fire Department.	500 000	355 593
<b>City of Matlosana / ST Paul's Insurance Company</b>		
This is the action for the payment on suretyship and guarantees to Council for the work not completed by DGD Construction in Kanana	5 450 000	2 200 000
<b>City of Matlosana / Metroprojects &amp; Lapa Administration</b>		
The damages here have been taken into account and this matter has been enrolled for 12 to 20 November 2009. Due to intervention by Council's MM and EM, we have been able to discuss the matter with the legal department of the North West Province, and that we hope to have the necessary determination signed by the MEC shortly.	2 100 000	1 100 000
<b>City of Matlosana / Toro Ya Africa</b>		
This contract has been cancelled with Toro, but Council has suffered losses of many millions of rand due to sub standard performance of Toro in the execution of its contracts with Council, both in respect of Alabama Extension 3, and the Pilot Project, totalling some 7 085 houses not built according to prescribed standards.	1 134 000	280 000 000

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

## City of Matlosana / Theron Jordaan & Smit

This was an application by the above attorneys to be reinstated on the panel by Council.

300 000 500 000

## City of Matlosana / Kgasu Engineering (PTY) LTD ( Civil Engineering Dept )

There are two actions in this matter; first based on fraudulent representation that led to a financial loss to Council in the amount of R 35 774.98 , and the second , based on incorrect tariffs , and on which Khasu overpaid

1 600 000 0

## City Of Matlosana / Klerksdorp Vulstasie and another

Attorneys Theron , Jordaan & Smith have filed a notice to have their costs taxed , and we will oppose the taxation to reduce the account the account , and thereafter we will report as to the amount payable

55 000 0

## City of Matlosana / G Nieuwoudt

This was the previous owner of Orkney Vaal Hesort who owes Council a total amount of approximately R1,5 million. We sequestrated his estate, and must now proceed with an interrogation against him, the details of which we are in the process of finalizing with Advocate N Laubscher.

1 950 000 1 800 000

## City of Matlosana / Gericke & Rademeyer Chartered Accountants (SA)

This is an action against the above auditors for allegedly issuing misleading financial statements with Council in respect of the financial position of the Klerksdorp Abattoir, and which financial statements induced the Council to extend credit to the Klerksdorp Abattoir to the Council's detriment, and which Council would not have granted, had it known the true financial position of the Klerksdorp Abattoir, leading to a financial loss by Council.

10 200 000 10 000 000

## City of Matlosana / ISAGO (N12 Development on western side of Klerksdorp)

This contract has been finalised, and the progress is being monitored. We await currently the subdivision of the land so that we can transfer the land to Isago for development thereof.

250 650 000 25 000 000

## City of Matlosana / N12 Route Capital Development (N12 Development on eastern side of Klerksdorp)

This contract is in its final form but must still be concluded. This matter was finalized during the Council Meeting held on 29 January 2008 via CC11/2008.

1 000 800 000 25 000 000

## City of Matlosana / Eldawill (Pty)Ltd

Council now gave the attorneys a watching brief regarding this matter they are seeing there to that Council's interests are protected insofar as the procedural process of the Appellant's applications and Council's role therein is concerned

250 200 000 250 000 000

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

## City of Matlosana / South African Authorities Pension Fund

We confirm having received instruction to enter an Appearance to Defend in this matter, after a Summon was served upon Council for payment of the amount of R 548 452.78, plus interest, plus cost of the suit

775 000 0

## City of Matlosana / Cybed Trading 0005CC

The warrant of arrest was served and the member of the judgement debtor Close Corporation must appear in the Klerksdorp Magistrate Court on 24 August 2009 relating to this contempt's of court.

16 514 5 000

## City of Matlosana / Altel Security

Our attorneys are monitoring further developments and will keep us advised. No current developments herein.

50 000 38 198

## City of Matlosana / Francis Behr

M.r Behr Summoned the Council for not transferring Erf 3141 Orkney Extension 2 into his name as he paid an amount of R 13 500,00. The case was withdrawn.

33 000 13 500

## City of Matlosana / L O Monnamogolo

Summons was served on Mr Monnamogolo as he collided with the Council's vehicle. Mr Monnamogolo has made arrangements to pay off his debt monthly.

0 3 818

## City of Matlosana / Alabama Taxi Association

This association has brought an urgent application in the High Court against Council to compel Council to permit it to use a particular rank. Council is in the process of upgrading its taxi facilities, and council has statutory right to change existing taxi should it so wish.

850 000 0

## City of Matlosana / Landfill Site

It has been tasked with the exercise to ensure Council compliance with the provision of Section 78 of the System Act

18 200 000 0

## City of Matlosana / J Fouche

Matter proceeds on an opposed basis - trial date for the 14th of August 2009.

150 000 0

## City of Matlosana / Y Karim (Illegal renovations of buildings) various illegal business / building projects (New)

The High Court application with affidavit of Mr MM Moadira was discussed and all the outstanding information was received from Mr C Grobbelaar for completion of the application and photos of the building was requested as well. We await the signed affidavit from Council to enable us to proceed with the set application.

397 100 0

## O O Meyer / H J Gerber & Municipal Manager, City of Matlosana

The Application to join the City Council as a party to the proceedings as well as the Application for Amendment of Summons was opposed and both Applications were postponed to the opposed court roll for the 7th of August 2008.

73 655 23 655

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

## City of Matlosana / The Klerksdorp Abattoir .

The Report shows that the trial for this case has been set for 9 to 22 February 2010

850 000 0

## City Of Matlosana / S Pillay

Mrs Shalin Pillay through her Attorney has informed Council that she is in the process of institution legal action. Council for a Claim . She is claiming money from Council regarding damages occurred because Council's negligence

109 000 24 000

## City Of Matlosana / G Wessie

Letter of demand was sent to Mr Wessie giving them notice to hand the radio back on or before the 6th of February 2009 . We've proceeded with issuing of summon against Mr Wessie

12 300 2 300

## City Of Matlosana / Threatening Of Bribe : Mr Ndakana / ME Otto

Instruction was received on the 13th of March 2009 in process of perusing the necessary documents , whereafter we will arrange for consultation with the relevant parties .

5 000 0

## City Of Matlosana / PJ Myburg ( Portion 43 , Hartbeesfontein)

Advocate Laubscher was requested to prepare the necessary documents in this matter. We await his further response herein.

50 000 0

## City Of Matlosana / RM Lombaard ( Erf 1/ 1893, Klerksdorp)

Advocate Laubscher was requested to prepare the necessary documents in this matter. We await his further response herein.

50 000 0

## City Of Matlosana / ZCM Britz

The council instructed the attorney to claim R 173 933 but in the meantime the claim has been reduced to R 61 686 and the attorney is still discussing the case with the advocate regarding the cost effectiveness and the proof of liability .

12 000 0

## City Of Matlosana / Brits OGD / Hattingh H J

Mr Brits an inspector of installation with the Department of Electrical Engineering, laid charges on the allegation of fraudulent use of electrical supply to his dwelling .

0 0

## City of Matlosana / Minister Of Safety & Security

A summon was brought against the Council for an undisclosed amount. The Minister of safety & Security is claiming money from the Council for a motor vehicle collision. A notice to defend has been filed as well as a request for further particulars .

16 000 0

## City of Matlosana / Betty Manisa

Me. Betty Manisa via her attorneys sent Council a letter claiming money for catering done for a function that was held in 2007 arranged by the Speaker's Office.

8 000 38 590



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2009****34 RELATED PARTY TRANSACTIONS**

A payment to the amount of R 1 740 849 for goods and services rendered were made to Dirang Mmogo Construction of which Councillor I. Bondes is a director.

A payment to the amount of R 800 827 for goods and services rendered were made to Lerato Botho Building & Electrical of which Councillor MM Flatela is a director.

A payment to the amount of R1 361 312 (2008 : R1 302 047) for goods and services rendered were made to Motla Engineering of which Councillor Pitso ST a director.

Bulk water is purchased from the section 21 company Midvaal Water to the amount of R117 242 233 (2008 : R 102 429 319) for the year under review. The following Councillors are members of the executive authority of the Midvaal Water Company G.L. Sebuasengwe; O.R. Thabanchu; J. Douw.

**35 SUPPLY CHAIN MANAGEMENT POLICY**

According to our records the Accounting Officer has deviated from the Supply Chain management policy of the municipality by acquiring goods in an emergency situation (refer Regulation 36(2) of the SCM Regulations). The following projects were condoned and adequately disclosed;

- Water Pipe Line Extension 7 - R293 424
- Museum acquisition of Bottle Capper - R51 528

**APPENDIX A: SCHEDULE OF EXTERNAL LOANS****AS AT 30 JUNE 2009**

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 1/07/2008	Received during the period	Redeemed written off during the period	Balance at 30/06/2009
			R	R	R	R
<b>LONG-TERM LOANS</b>						
			0			0
Total long-term loans			0	0	0	0
<b>ANNUITY LOAN</b>						
Development Bank of SA @ 17.2%	11846	30-Jun-2009	13 970		13 970	0
Development Bank of SA @ 12%	JBC09588	30-Sep-2014	23 222 431		2 395 882	20 826 549
Development Bank of SA @ 15%	NW10959	30-Sep-2017	5 942 888		313 783	5 629 105
Development Bank of SA @ 15.25%	NW11182	30-Sep-2018	6 416 104		276 595	6 139 508
Development Bank of SA @ 15.6%	NW13637	30-Sep-2020	3 646 426		107 028	3 539 399
Development Bank of SA @ prime	NW13874/1	30-Sep-2019	6 111 111		555 556	5 555 556
Development Bank of SA @ prime + 1.5%	NW13874/2	30-Jun-2019	14 998 125		0	14 998 125
Development Bank of SA @ 11.5%	100395	30-Jun-2013	10 294 402		1 626 478	8 667 924
Development Bank of SA @ 11.2%	101297/1	30-Jun-2019	24 357 776		1 212 348	23 145 429
Development Bank of SA @ 11.2%	101297/2	30-Jun-2019	30 479 240		1 517 028	28 962 211
INCA @ 12.25%	KLER-00-001	31-Dec-2013	9 796 175		1 339 504	8 456 671
Absa @ 10.92%	3022364796	30-Jun-2009	53 274		53 274	0
Absa @ 10.85%	3022364843	30-Jun-2010	31 384		31 384	0
Absa @ 10.68%	3022364851	30-Jun-2012	3 589 822		3 589 822	0
Absa @ 10.52%	3022364877	30-Jun-2014	480 676		480 676	0
Absa @ 10.31%	3022364885	30-Jun-2017	604 428		604 428	0
Absa @ 10.07%	3022364893	30-Jun-2022	4 544 253		4 544 253	0
Absa @ 9.81%	3022364908	30-Jun-2032	16 373 448		16 373 448	0
Total Annuity Loans			160 955 934	0	35 035 456	125 920 477
<b>TOTAL EXTERNAL LOANS</b>			<b>160 955 934</b>	<b>0</b>	<b>35 035 456</b>	<b>125 920 477</b>

\*Note. The old IMFO accounting methods were inadequate to determine the carrying value of property plant and equipment for external loans

**APPENDIX B: ANALYSIS OF PROPERTY, PLANT & EQUIPMENT****AS AT 30 JUNE 2009**

	Opening Balance 1/07/2008	Cost/Revaluation Additions Under Construction	Disposals	Closing Balance 30/06/2009	Opening Balance 1/07/2008	Accumulated Depreciation Additions	Disposals	Closing Balance 30/06/2009	CARRYING VALUE	BUDGET ADDITIONS 2008
<b>Land and Buildings</b>										
Land	44 685 527			44 685 527	2 007 857			2 007 857	42 677 670	0
Buildings	103 554 021	18 960 097	( 1 460)	122 512 658	26 626 397	3 404 151	( 1 460)	30 029 088	92 483 570	14 310 252
	<b>148 239 548</b>	<b>18 960 097</b>	<b>0</b>	<b>167 198 185</b>	<b>28 634 254</b>	<b>3 404 151</b>	<b>( 1 460)</b>	<b>32 036 945</b>	<b>135 161 240</b>	<b>14 310 252</b>
<b>INFRASTRUCTURE</b>										
Electricity networks	155 597 500	19 495 574	(2 351 410)	172 741 664	61 810 330	7 540 518	( 48 988)	69 301 860	103 439 804	20 874 720
Roads and stormwater	183 223 324	58 382 496	( 300)	241 605 520	61 460 681	11 206 359	( 300)	72 666 740	168 938 779	119 953 370
Water networks	112 195 094	14 510 917		126 706 011	37 183 601	5 332 094		42 515 695	84 190 316	38 833 498
Sewerage networks	260 450 559	8 918 427		269 368 986	35 866 135	13 029 906		48 896 041	220 472 946	14 844 837
Side walks	15 369 248	18 825 653		34 194 902	2 528 572	1 009 536		3 538 108	30 656 794	35 378 770
Taxiways	5 377 731	0		5 377 731	1 223 854	236 016		1 459 869	3 917 862	0
Security systems	7 894 386	675 610		8 569 996	5 707 970	1 184 745		6 892 715	1 677 281	1 145 000
	<b>740 107 842</b>	<b>120 808 677</b>	<b>0</b>	<b>858 564 809</b>	<b>205 781 143</b>	<b>39 539 173</b>	<b>( 49 288)</b>	<b>245 369 604</b>	<b>613 293 781</b>	<b>231 030 195</b>
<b>COMMUNITY ASSETS</b>										
Buildings	58 285 166	5 490 097	( 719)	63 774 544	17 899 260	1 757 293	( 719)	19 655 833	44 118 711	12 939 235
Parks and Recreation	14 816 915	489 729		15 306 644	5 847 197	679 000		6 526 197	8 780 447	703 000
	<b>73 102 081</b>	<b>5 979 826</b>	<b>0</b>	<b>79 081 188</b>	<b>23 746 456</b>	<b>2 436 293</b>	<b>( 719)</b>	<b>26 183 468</b>	<b>52 899 158</b>	<b>13 642 235</b>
<b>HERITAGE ASSETS</b>										
Museum	242 838			242 838	84 725			84 725	158 114	0
Statues	244 963			244 963					244 963	0
Historical buildings	713 407			713 407					713 407	0
Historical sites	19 591			19 591					19 591	0
Paintings	349 736			349 736					349 736	0
Sculptures	0			0					0	0
	<b>1 570 536</b>	<b>0</b>	<b>0</b>	<b>1 570 536</b>	<b>84 725</b>	<b>0</b>	<b>0</b>	<b>84 725</b>	<b>1 485 811</b>	<b>0</b>
<b>OTHER ASSETS</b>										
Office Equipment	24 551 391	3 552 371	( 127 857)	27 975 905	14 906 277	4 530 742	( 127 857)	19 309 161	8 666 744	4 876 680
Furniture	27 406 698	537 383	( 229 094)	27 714 987	24 933 632	411 844	( 308 920)	25 036 556	2 678 431	781 480
Containers	7 522 101	1 264 833		8 786 934	4 558 035	858 686		5 416 721	3 370 213	1 486 000
Emergency equipment	1 433 522	0		1 433 522	385 939	94 996		480 935	952 587	
Vehicles	64 874 717	11 868 508		76 743 225	48 630 233	2 919 115		51 549 348	25 193 877	6 125 133
Watercraft	7 432			7 432	3 468	495		3 963	3 468	0
Plant & equipment	72 611 319	25 381 958	( 114 315)	97 878 962	57 265 536	8 599 573	( 114 315)	65 750 793	32 128 169	45 934 139
	<b>198 407 180</b>	<b>42 605 054</b>	<b>0</b>	<b>240 540 968</b>	<b>150 683 119</b>	<b>17 415 452</b>	<b>( 551 092)</b>	<b>167 547 479</b>	<b>72 993 489</b>	<b>59 203 432</b>
<b>INVESTMENT PROPERTIES</b>										
Farms	2 367 580			2 367 580				0	2 367 580	0
Office parks	21 068			21 068				0	21 068	0
Housing	3 014 909			3 014 909		0		0	3 014 909	0
	<b>5 403 557</b>	<b>0</b>	<b>0</b>	<b>5 403 557</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 403 557</b>	<b>0</b>
<b>TOTAL</b>	<b>1166 830 744</b>	<b>188 353 654</b>	<b>0</b>	<b>1352 359 243</b>	<b>408 929 697</b>	<b>62 795 068</b>	<b>( 602 559)</b>	<b>471 222 221</b>	<b>881 237 036</b>	<b>318 186 114</b>

**APPENDIX C: SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT****AS AT 30 JUNE 2009**

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Public Safety	40 563 064	8 970 711	( 34 292)	49 499 483	20 335 596	2 558 183	( 34 292)	22 859 487	26 639 996
Health Services	6 447 570			6 447 570	5 250 555	96 610		5 347 165	1 100 405
Community Services	120 401 467	12 597 526	( 70 951)	132 928 042	69 931 231	11 497 488	( 70 951)	81 357 767	51 570 275
Housing Services	24 344 715	133 517	( 3 200)	24 475 032	2 931 493	707 048	( 3 200)	3 635 341	20 839 691
Council General Expenses	7 112 556	775 130	( 144 318)	7 743 368	2 408 915	460 223	( 224 143)	2 644 995	5 098 373
City Civil Engineer	650 761 201	132 431 701	( 40 719)	783 152 182	171 522 838	33 979 732	( 40 719)	205 461 851	577 690 331
City Electrical Engineer	226 370 103	23 528 024	(2 353 210)	247 544 917	93 713 499	9 039 357	( 50 788)	102 702 068	144 842 848
Corporate Services	38 591 878	4 862 285	( 37 470)	43 416 693	21 173 047	1 204 919	( 37 470)	22 340 495	21 076 197
Financial Services	19 988 557	3 378 167	( 97 966)	23 268 758	10 882 502	1 791 867	( 97 966)	12 576 404	10 692 354
Market	30 147 406	240 532	( 26 549)	30 361 389	10 106 557	1 258 334	( 26 549)	11 338 343	19 023 046
Local Economic Dev & Procurement	2 102 227	1 436 062	( 16 480)	3 521 809	673 464	201 306	( 16 480)	858 290	2 663 519
<b>Total</b>	<b>1166 830 744</b>	<b>188 353 654</b>	<b>(2 825 155)</b>	<b>1352 359 243</b>	<b>408 929 697</b>	<b>62 795 068</b>	<b>( 602 559)</b>	<b>471 122 207</b>	<b>881 237 036</b>

**APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE****FOR THE YEAR ENDED 30 JUNE 2009**

2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)		2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)
R	R	R		R	R	R
18 221 451	29 821 580	(11 600 130)	Public Safety	66 391 173	99 598 542	(33 207 369)
9 987 165	12 819 570	(2 832 404)	Health Services	6 040 121	7 107 008	(1 066 887)
78 151 111	103 979 015	(25 827 904)	Community Services	91 312 427	131 294 910	(39 982 484)
2 655 655	5 511 038	(2 855 383)	Housing Services	3 024 869	9 219 019	(6 194 150)
-1 481 716	59 623 882	(61 105 599)	Council General Expenses	9 178 845	64 990 423	(55 811 579)
312 847 994	222 379 882	90 468 111	City Civil Engineer	230 613 436	333 378 548	(102 765 112)
216 113 164	181 421 984	34 691 181	City Electrical Engineer	256 984 258	229 910 688	27 073 571
1 002 114	17 202 261	(16 200 147)	Corporate Services	1 276 092	20 610 494	(19 334 402)
276 576 277	43 229 999	233 346 278	Financial Services	420 368 516	110 237 622	310 130 894
13 893 229	10 867 247	3 025 982	Market	11 929 805	12 916 334	( 986 529)
1 700 000	7 238 846	(5 538 846)	Local Economic Dev & Procurement	2 409 509	12 623 004	(10 213 494)
929 666 442	694 095 303	235 571 140	Sub-Total	1099 529 051	1031 886 592	67 642 459
6 296 042	6 296 042	0	Less Inter-Departmental Charges	9 167 948	9 278 959	( 111 011)
923 370 400	687 799 260	235 571 140	Total	1090 361 103	1022 607 633	67 753 470
			Add: Share of Associate			
		235 571 140				67 753 470

## APPENDIX E (1): ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE)

### FOR THE YEAR ENDED 30 JUNE 2009

			<u>2009</u>		
	<u>2009 Actual</u>	<u>2009 Original</u>	<u>Adjustment</u>	<u>2009 Variance</u>	<u>2009 Variance</u>
<b>REVENUE</b>		<b>Budget</b>	<b>Budget</b>		<b>%</b>
Property rates	130 747 800	128 339 740	131 617 770	( 869 970)	-0.66
Service charges	491 499 399	474 239 470	537 011 948	(45 512 549)	-8.48
Market dues	10 739 908	10 390 510	10 390 510	349 398	3.36
Administration Fees	1 746 120	2 996 370	2 017 000	( 270 880)	-13.43
Rental of facilities and equipment	6 002 706	5 905 210	7 134 800	(1 132 094)	-15.87
Interest earned - external investments	25 081 826	9 548 700	14 854 470	10 227 356	68.85
Interest earned - outstanding debtors	43 560 113	38 485 410	44 269 110	( 708 997)	-1.60
Fines	5 918 332	10 178 280	10 178 280	(4 259 948)	-41.85
Licences and permits	4 203 022	3 524 070	3 524 070	678 952	19.27
Government grants and subsidies	311 067 629	182 198 990	188 739 690	122 327 939	64.81
Other income	59 789 327	141 008 230	148 909 400	(89 120 073)	-59.85
Gains on disposal of property, plant and equipment	0	250 000	250 000	( 250 000)	-100.00
<b>Total Revenue</b>	<b>1090 356 182</b>	<b>1007 064 980</b>	<b>1098 897 048</b>	<b>(8 540 866)</b>	<b>-0.78</b>
<b>EXPENDITURE</b>					
Employee related costs	252 864 527	284 306 725	285 114 185	(32 249 658)	-11.31
Remuneration of Councillors	13 658 083	13 945 235	13 945 235	( 287 152)	-2.06
Bad debts	120 645 281	35 774 130	35 774 130	84 871 151	237.24
Collection costs	8 282 418	6 911 870	6 111 870	2 170 548	35.51
Depreciation	62 795 068	53 292 979	65 442 800	(2 647 732)	-4.05
Repairs and maintenance	48 691 642	48 187 780	57 248 780	(8 557 138)	-14.95
Interest on external borrowings	16 330 417	32 725 370	21 724 000	(5 393 583)	-24.83
Bulk purchases	260 185 810	228 976 870	251 279 660	8 906 150	3.54
Contracted services	22 502 302	10 183 180	21 740 180	762 122	3.51
General expenses - other	214 349 663	331 239 336	385 458 781	(171 109 118)	-44.39
Loss on disposal of property, plant and equipment	2 302 422	0	0	2 302 422	0.00
<b>Total Expenditure</b>	<b>1022 607 633</b>	<b>1045 543 475</b>	<b>1143 839 621</b>	<b>(121 231 988)</b>	<b>-10.60</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>67 748 549</b>	<b>(38 478 495)</b>	<b>(44 942 573)</b>	<b>112 691 122</b>	<b>-250.74</b>

## APPENDIX E (2): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT & EQUIPMENT)

### FOR THE YEAR ENDED 30 JUNE 2009

	<u>2009 Actual</u>	<u>2009 Under Construction</u>	<u>2009 Total Additions</u>	<u>2009 Budget</u>	<u>2009 Variance</u>	<u>2009 Variance</u>	<u>Explanation of significant Variances greater than 5% versus Budget</u>
	R	R	R	R	R	%	
<b>Land and Buildings</b>							
Land	0		0	0	0	0	
Buildings	18 960 097		18 960 097	14 310 252	(4 649 845)	( 32)	
	<b>18 960 097</b>	<b>0</b>	<b>18 960 097</b>	<b>14 310 252</b>	<b>(4 649 845)</b>	<b>( 32)</b>	
<b>INFRASTRUCTURE</b>							
Electricity networks	19 495 574		19 495 574	20 874 720	1 379 146	7	Grants in the form of assets received from Eskom for which no budget was provided for.
Roads and stormwater	58 382 496		58 382 496	119 953 370	61 570 874	51	
Water networks	14 510 917		14 510 917	38 833 498	24 322 581	63	
Sewerage networks	8 918 427		8 918 427	14 844 837	5 926 410	40	
Side walks	18 825 653		18 825 653	35 378 770	16 553 117	47	
Taxiways	0		0	0	0	0	
Security systems	675 610		675 610	1 145 000	469 390	41	
	<b>120 808 677</b>	<b>0</b>	<b>120 808 677</b>	<b>231 030 195</b>	<b>110 221 518</b>	<b>48</b>	
<b>COMMUNITY ASSETS</b>							
Buildings	5 490 097		5 490 097	12 939 235	7 449 138	58	Grants in the form of assets received from Southern District Council for which no budget was provided for.
Parks and Recreation	489 729		489 729	703 000	213 271	30	
	<b>5 979 826</b>	<b>0</b>	<b>5 979 826</b>	<b>13 642 235</b>	<b>7 662 409</b>	<b>56</b>	
<b>HERITAGE ASSETS</b>							
Museum	0		0	0	0	0	
Statues	0		0	0	0	0	
Historical buildings	0		0	0	0	0	
Historical sites	0		0	0	0	0	
Paintings	0		0	0	0	0	
Sculptures	0		0	0	0	0	
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>OTHER ASSETS</b>							
Office Equipment	3 552 371		3 552 371	4 876 680	1 324 309	27	
Furniture	537 383		537 383	781 480	244 097	31	
Containers	1 264 833		1 264 833	1 486 000	221 167	15	
Emergency equipment	0		0	0	0	0	
Vehicles	11 868 508		11 868 508	6 125 133	(5 743 375)	( 94)	
Watercraft	0		0	0	0	0	
Plant & equipment	25 381 958		25 381 958	45 934 139	20 552 181	45	
	<b>42 605 054</b>	<b>0</b>	<b>42 605 054</b>	<b>59 203 432</b>	<b>16 598 378</b>	<b>28</b>	
<b>INVESTMENT PROPERTIES</b>							
Farms	0		0	0	0	0	
Office parks	0		0	0	0	0	
Housing	0		0	0	0	0	
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL</b>	<b>188 353 654</b>	<b>0</b>	<b>188 353 654</b>	<b>318 186 114</b>	<b>129 832 460</b>	<b>99</b>	

## APPENDIX F: DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2009

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/withheld				Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
		Sep	Dec	March	June	Sep	Dec	March	June	Sep	Dec	March	June	Yes/No
<b>Local Economic Dev &amp; Procurement</b>														Yes
Tswaraganang	Provincial LED Projects	47 930				31 498	12 887	42 200						Yes
Tigane	Provincial LED Projects	49 461				20 400	40 800							Yes
Mpho Entle Sewing	Provincial LED Projects	5 507												Yes
Golden Oak	Provincial LED Projects	28 883		47 273		17 467	78 140	25 107	25 542					Yes
GETTS	Provincial LED Projects	520 756					95 847	6 000	492 001					Yes
Sisokolasonke	Provincial LED Projects													Yes
Dirang Ka Natle	Provincial LED Projects													Yes
		<b>652 537</b>	<b>0</b>	<b>47 273</b>	<b>0</b>	<b>69 366</b>	<b>227 673</b>	<b>73 307</b>	<b>517 544</b>					
Municipal infrastructure Grant	Government Grant Infrastructure	47 436 128	36 172 929	41 842 560	0	7 876 719	44 940 812	28 586 271	17 361 131					Yes
Environmental Health Services	District Municipality													Yes
Health Services	Provincial health subsidies								1 972 120					Yes
Finance Management Grant	Government Grant		500 000			93 417	608 479	714 349	107 270					Yes
Financial Services	Development Bank of South Africa													Yes
Museum Development Community Hall	Provincial Government Sports Arts and Culture													Yes
Fire Brigade Vehicles Maintenance	District Municipality													Yes
Environmental Man Youth Project	District Municipality					2 005 005	1 880 101	1 797 452	497 074					
World Cup 2010 Project	District Municipality					655 246	718 682	566 502	50 357					
Drought Relieve Water	Department of Water Affairs													Yes
Electrification infrastructure Grant	National Electricity Regulator		1 600 000	6 000 000					2 351 410					Yes
Provincial infrastructure Grant	Provincial capital grants			22 000 000				787 864	3 017 776					Yes
		<b>48 088 664</b>	<b>38 272 929</b>	<b>69 889 832</b>	<b>0</b>	<b>10 699 753</b>	<b>48 375 747</b>	<b>32 525 745</b>	<b>25 874 682</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	